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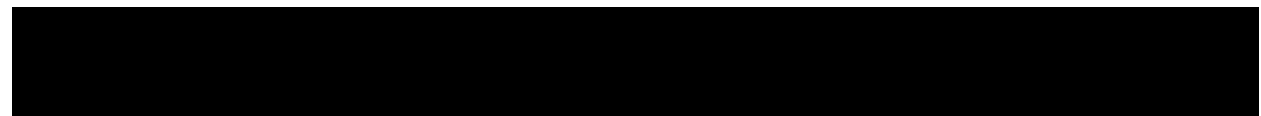
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Subject: RE: TEFRA issues [POA of Second-Tier TEFRA Partnership Which is Investor of First-Tier Partnership; Form 872-P v. 872]

Please call me at .Here is some background for our discussion.

Sections 6221 through 6234 provide for unified partnership audit and litigation procedures (the TEFRA partnership procedures). Section 6501(a) provides the period of limitations for assessing any tax imposed by Title 26 of the United States Code, including tax attributable to partnership and affected items. See Bufferd v. Commissioner, 506 U.S. 523, 527 (1993). The Supreme Court in Bufferd explained that the pass-thru entity return does not start any period for assessment.^{1[1]} Id. As referenced in section 6501(n), section 6229 merely extends each partner's section 6501 period. Section 6229(a) provides that each partner's section 6501 assessment period for tax attributable to partnership and affected items shall not expire before the date that is three years after the later of the date on which the partnership return for the taxable year was filed, or the last day for filing the return for that year (determined without regard to extensions). Rhone-Poulenc Surfactants & Specialties, L.P. v. Commissioner, 114 T.C. 533, 542-43 (2000); Curr-Spec Partners, L.P. v. Commissioner, 579 F.3d 391, 396-97 (5th Cir. 2009); AD Global Fund, LLC v. United States, 481 F.3d 1351, 1354-55 (Fed. Cir. 2007); Andantech L.L.C. v. Commissioner, 331 F.3d 972, 976-77 (D.C. Cir. 2003). Thus, section 6229 operates only to extend a partner's section 6501 period. Id.

The period of assessing partnership items for any one partner can be extended by that partner by entering into a written agreement with the IRS, or the period for assessing all partners can be extended by written agreement between the IRS and the TMP or any other person authorized by the partnership to enter into such an agreement. I.R.C. § 6229(b)(1); Treas. Reg. § 301.6229(b)-1(a). An extension under section 6501(c)(4) can only apply to partnership items if the agreement expressly provides that it applies to tax attributable to partnership items. I.R.C. § 6229(b)(3). Since 2007 the standard Form 872, paragraph (4), contains such language.



^{1[1]} Congress subsequently codified this holding in the last section of section 6501(a).

